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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Over the weekend the media extensively reported on the four-way meeting between Egyptian President Hosni Mubarak, PM Ehud Olmert, PA Chairman [President] Mahmoud Abbas, and Jordanian King Abdullah II slated to take place in Sharm el-Sheikh today. Maariv bannered:

"Anti-Hamas Summit." Leading media quoted PM Ehud Olmert as saying at Sunday's cabinet meeting that "it was necessary to take risks" but that he had no illusions about Chairman Abbas and that he did not want to give anyone the mistaken impression that "we are on the brink of a dramatic breakthrough." According to Israel Radio, Olmert referred to the possibility that Abbas could make a mistake similar to the signing of the Mecca Agreement with Hamas. The media reported that the cabinet voted on a resolution to "renew transferring tax revenue" to the PA. PM Olmert will bring up the decision at the summit. Only Yisrael Beiteinu ministers Avigdor Lieberman and Yitzhak Aharonovitch voted against the decision. Ha'aretz wrote that on Sunday, in their reports to a meeting of Olmert, FM Tzipi Livni and Defense Minister Ehud Barak, most security chiefs opposed lifting the roadblocks and recommended that the travel restrictions remain unchanged until it is possible to better evaluate security conditions in the West Bank. The security chiefs were quoted as saying that they are concerned about Hamas's plans to carry out suicide bombings and that they consider the restrictions on Palestinian movement in the West Bank to be the most efficient way to prevent this. Ha'aretz said that Barak asked for more time to evaluate the situation. Maariv reported that both Olmert and Abbas are interested in bringing international forces such as NATO to the region.

The Jerusalem Post quoted President-elect Shimon Peres as saying on Sunday that Israel should extend economic assistance to the Palestinians in the West Bank. Peres was talking to the opening of the Jewish Agency Assembly.

Leading media quoted PA officials as saying that during today's summit Abbas is expected to demand the release of hundreds of Fatah prisoners -- including Marwan Barghouti -- from Israeli jails. On

Sunday Maariv reported that former PM Ariel Sharon had planned to release Barghouti in exchange for convicted spy Jonathan Pollard.

On Sunday Ha'aretz revealed that during his visit to the US last week, PM Olmert rejected a proposal by Secretary of State Condoleezza Rice that Israel negotiate a permanent settlement with Palestinian Authority Chairman Mahmoud Abbas. Rice supports talks on a "shelf agreement" that would outline the permanent settlement but not be implemented immediately because of Abbas' weak standing. In Rice's view, merely reaching such an agreement in principle would provide the Palestinians with a "political horizon" and hope, thereby encouraging them to fight terror and to establish governing institutions in preparation for an independent state. Ha'aretz said that FM Tzipi Livni shares Rice's approach, but that Olmert is strongly opposed to the idea. He believes that any settlement reached should be implemented, and fears a situation in which Israel approves the agreement, but Abbas fails to sell it to the Palestinian public. In that event, Israel might be pressured to make further concessions to make Abbas's task easier.

All media reported that an Islamic Jihad gunman was killed and two other wounded when an IAF aircraft targeted a car traveling in eastern Gaza City on Sunday night, the first such attack since Hamas took over the Gaza Strip earlier this month. The IDF was quoted as saying that the man killed, Hussan Khalil al-Hur, had fired Qassam rockets as Sderot earlier in the day, which resulted in injuries to three people. Media quoted Israeli military sources as saying that he was also suspected of manufacturing the rockets. The Jerusalem Post quoted sources close to Mahmoud Abbas as saying that he decided to incorporate Fatah's Al-Aqsa Martyrs Brigades into the PA security forces in the West Bank.

Ha'aretz reported that Shin Bet chief Yuval Diskin told the cabinet on Sunday that Hamas is planning to carry out suicide bombings in order to undermine the efforts by Israel and the West to bolster Abbas. Diskin also warned that the impression that Fatah is powerful in the West Bank is only an illusion. On Sunday Maariv cited new data collected by Western intelligence officials and diplomats about Hamas's takeover of the Gaza Strip. Three countries knew about Hamas's planned coup in Gaza in advance and supported it: Iran, Syria and Qatar. The coup was meticulously planned by Hamas's military wing. The planning was completed in the course of a meeting that was held a few days before D-Day in Damascus.

The Jerusalem Post reported that John Ging, Director of UN Relief

and Works Agency (UNRWA) Operations in Gaza, told the newspaper that the passage of basic staples into Gaza through two secondary border crossings under Israeli control averted an immediate humanitarian crisis on Sunday. Ging warned that this was only a stop gap measure.

All media reported that on Sunday six UNIFIL soldiers were killed in a car bomb attack. The Jerusalem Post and Yediot quoted Israeli officials as saying that terror cells affiliated with Al Qaida -- and possibly also responsible for last Sunday's Katyusha rocket attack on Kiryat Shmona -- were the prime suspects.

The Jerusalem Post reported that on Sunday Assistant NATO Secretary-General John Colston told the newspaper that Israel moved

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a step closer toward joining global NATO missions after the IDF agreed to upgrade relations and joint military training and exercises to enhance interoperability with NATO.

The media reported that the deputy head of the Mossad, "N.," a likely candidate to replace the chief of Israel's external intelligence organization, Meir Dagan, in the fall of 2008, has stepped down after a falling-out with his boss. To fill the unexpected vacancy, Dagan restored his former deputy, "T.," to the post. "T." had been "on loan" to the IDF.

Major media reported that the Israeli human rights group B'Tselem plans to publish a statement today that holding IDF Cpl. Gilad Shalit hostage is a "war crime." On Sunday The Jerusalem Post reported that the Franco-Israeli community will start a public relations campaign to get French President Nicolas Sarkozy to help bring about the release of Shalit, who has dual French and Israeli citizenship.

Ha'aretz reported that several months ago an attempt failed to arrange a meeting between Shimon Peres, the Vice PM and now president-elect, and a senior Saudi figure.

The Jerusalem Post reported that several Jewish organizations expressed outrage following the publication of opinion pieces penned by Ahmed Yousef, a political adviser to Ismail Haniyeh of Hamas, in The New York Times and The Washington Post.

Yediot reported that Knesset Speaker Dalia Itzik met with Olmert in an attempt to convince him to name Likud Chairman Binyamin Netanyahu finance minister, and that Olmert promised to consider her proposal.

The newspaper reported that Itzik wants Olmert to form a national unity government. Media noted that Education Minister Yuli Tamir (Labor) might pay the price of a cabinet reshuffle. On Sunday The Jerusalem Post and other media quoted Kadima Party officials as saying that Olmert favors MK Ham Ramon for finance minister.

Maariv reported that for the first time the State Department determined that every American citizen born in greater Jerusalem will be registered as a native of Israel. The newspaper reported that senior Israeli Foreign Ministry officials are refraining from granting special importance to the new policy.

On Sunday Yediot reported that a temporary solution to the problem of African refugees seeking asylum in Israel is taking shape: Israel will not allow the refugees to stay in the country, but instead will grant temporary asylum before their transfer to a friendly African country.

Media reported that on Sunday the cabinet eased the acquisition process of Israeli passports. Maariv noted that oligarchs will be able to obtain passports even if they do not intend to live in the country.

The Jerusalem Post reported that Talla-Tech, the Tallahassee, Florida-based subsidiary of Israel's Tadiran Communications, recently said it has received US Army purchase orders worth about USD 18.5 million for the latest generation Rugged Personal Digital Assistant RPDA computers.

The Jerusalem Post reported that Citigroup has selected the Israeli market as a relative outperformer among the regional markets in

Central-Eastern Europe, Middle East, and Africa.

Media speculated about the possibility that New York City Mayor Michael Bloomberg might become the first Jewish president of the US. Last week Bloomberg announced he was becoming an independent.

Mideast:

Summary:

The independent, left-leaning Ha'aretz editorialized: "It is a pity to waste [the circumstances of] the emergency in the territories and the neighboring leaders' moment of willingness on marginal gestures. The Prime Minister must come to Sharm el-Sheikh with an agenda. He should leave his trinkets at home."

The conservative, independent Jerusalem Post editorialized: "Premature gestures, besides risking Israeli lives, also greatly reduce the incentive for Abbas to act."

Senior columnist Dan Margalit wrote in the popular, pluralist Maariv: "The willingness to pay Abu Mazen in advance, immediately, created a new level of demands."

Veteran journalist Yaron London wrote in the mass-circulation, pluralist Yediot Aharonot: "It is doubtful whether increasing the economic support for the PA will do anything to change the political culture of the Palestinians."

Diplomatic correspondent Ben Caspit wrote in Maariv: " Hamas is like a young snake that swallowed a cow. Now let us see it digest that thing."

Senior op-ed writer Akiva Eldar commented in Ha'aretz: "Israeli intelligence officials are already warning that the opposite of peace is imminent war between Israel and Syria. This means that Bush is refusing to help prevent another round of blood-letting."

Block Quotes:

1I. "An Agenda, Not Gestures"

The independent, left-leaning Ha'aretz editorialized (6/25): "Prime Minister Ehud Olmert's actions and statements heighten the impression that he does not appreciate the seriousness of the new reality after Hamas' takeover of the Gaza Strip. On the other hand, concern is growing that Olmert and his coalition partners, among them the new-old defense minister, are about to miss the opportunity to enlist moderate Arab countries to strengthen pragmatic forces in the territories and prevent the West Bank from becoming a second Gaza.... As was reported in Ha'aretz on Sunday, during his visit to Washington last week, Prime Minister Ehud Olmert rejected a proposal by US Secretary of State Condoleezza Rice to begin negotiations with Abbas on a 'shelf agreement'.... The Prime Minister maintained his bad-old approach that negotiations on a two-state solution are a prize to the Arabs for good behavior. It seems that the lessons of the past seven years are insufficient for policy makers to understand the fate of politicians and Palestinian police who cooperate with a foreign regime. It is a pity to waste [the circumstances of] the emergency in the territories and the neighboring leaders' moment of willingness on marginal gestures. The Prime Minister must come to Sharm el-Sheikh with an agenda. He should leave his trinkets at home."

II. "An Experiment in Israeli Lives"

The conservative, independent Jerusalem Post editorialized (6/25): "Shouldn't Israel remain open to the possibility that an important corner has been turned and all this will now change? The answer is yes, but not by risking Israeli lives; rather, by being forthcoming in response to actual changes in Palestinian behavior.... If Abbas is taking action against terrorism, there will be no reason for the

IDF not to reduce its presence in the West Bank substantially. But it is unacceptable for the Palestinians to demand, let alone for Olmert to offer, that Israel let its guard down first and see what happens. This would amount to experimenting with Israeli lives.... Premature gestures, besides risking Israeli lives, also greatly reduce the incentive for Abbas to act. Indeed, Abbas needs Israeli conditionality to justify taking action. The standard Abbas justification for opposing terrorism is, unfortunately, not moral but pragmatic: on the grounds that terror is not in the Palestinian interest. Putting the cart of security concessions before the horse of a Palestinian crackdown against terrorism endangers Israelis, deprives Abbas of his main reason to act, and thereby endangers the chances, however slim, of moving forward."

III. "Haste Is From the Devil"

Senior columnist Dan Margalit wrote in the popular, pluralist Maariv (6/25): "What was the urgency that caused the government on Sunday to decide immediately on giving approximately USD 600 million to the Palestinians? Even a government that believes that the payment is inevitable and that the Palestinian Authority is entitled to the funds should have reined in its eagerness. Why before the four-way summit being held today at Sharm el-Sheikh? It could be done during the summit, or after it. It is not advisable to do so before it.... The willingness to pay Abu Mazen in advance, immediately, created a new level of demands: The money is already in his pocket, and he can take advantage of the meeting for additional demands -- a prisoner release. In particular, the release of Marwan Barghouti. A demand to remove IDF roadblocks in the West Bank, the reduction of which is a recipe for rebuilding the Hamas infrastructure in the territories.

Arms and weaponry for Abu Mazen's Fatah. Had the government not released the funds on Sunday, Olmert would only have been urged at the summit to release the frozen taxes. Now he can expect to be subjected to further pressures.... Despite the fact that Olmert is arriving in a position of inferiority, he must bargain. Haste is from the devil. He can borrow a successful slogan from his rival Binyamin Netanyahu: 'If they give, they will receive.'"

IV. "Money is Not the Solution"

Veteran journalist Yaron London wrote in the mass-circulation, pluralist Yediot Aharonot (6/25): "The aid that the UN Relief and Works Agency has been supplying since 1948 to the Palestinians and their descendants has paralyzed their ability to rehabilitate themselves. Their weakness is one of their reasons for their political behavior, and therefore it is doubtful whether increasing the economic support for the PA will do anything to change the political culture of the Palestinians. Contrary to the doctrine of the Bush school of thought, imposed and imported democratization does not have the power to educate people. Chile's economy actually became stronger under the rule of Augusto Pinochet. South Korea began its journey towards wealth during the long reign of the dictator Park Chung Hee. China's economy is advancing at a dizzying pace despite the fact that its regime is one of the most loathsome in the world. My assumption may sound strange, but it is not impossible that benighted Hamastan will gather up strength and improve its economic situation, whereas Fatahland, the regime of which is closer to democracy, will become impoverished."

V. "The Snake that Swallowed a Cow"

Diplomatic correspondent Ben Caspit wrote in Maariv (6/24): " Hamas is like a young snake that swallowed a cow. Now let us see it digest that thing. In the meantime, it is lying in the sun, half-passed-out, enervated, bloated and paralyzed. Suddenly it is vulnerable. From being a hunter it has become hunted. It has a huge cow in its stomach, how is it going to feed it? What is it going to do with it? Suddenly, Hamas has exposed itself to governmental responsibility. Suddenly, it is not the alternative but the real thing. It is the one who is going to have to deliver the goods.... The events in Gaza last week unleashed all of the most fundamental powers and emotions of the dissolving Palestinian society. The folks in Ramallah finally understood what the Israelis have been saying to them since 1996. That Hamas poses a greater threat to them than to us. That if they did not stop the Hamas extremists, Israel would be forced to do so. And now it is here.... Outwardly, the Palestinians have been saying quietly that they hope and pray that weQll do the job for them. 'Barak will give Hamas its

blow,' they say hopefully. Barak will take care of Gaza. The Israelis will pummel Hamas. Why? Because that is all they have got. They look ahead and see only a pit at the end of the tunnel. They know that they are liable to fall into that pit. So let Israel go there first."

VI. "With Friends Like These..."

Senior op-ed writer Akiva Eldar commented in Ha'aretz (6/25): "American intervention was one of the primary considerations leading to the Egyptian, Palestinian, and Jordanian decision to reach a diplomatic settlement with Israel.... The US President's shrugging off of responsibility for the peace process that began in Madrid in 1991, under his father's baton, ruined one of Israel's most important strategic assets: the belief, which bought a grace period from its neighbors, that the only place that was selling tickets to Washington and the right to enjoy its favors was in Jerusalem. Officials in Olmert's government are sighing in great relief over the lowering of the American profile. To understand the depth of these leanings, one must go to Damascus. Vice President Farouk Shara interpreted Bush's statements using the following harsh, but accurate, words: 'The President of the US does not want peace between Israel and Syria.' Israeli intelligence officials are already warning that the opposite of peace is imminent war between Israel and Syria. This means that Bush is refusing to help prevent another round of blood-letting."

JONES